

Piramal Enterprises Limited

Q1FY2019 Results Presentation

30 July 2018



Key Financial Performance

Revenue Performance

29% growth in revenues during Q1 FY2019

Rs. 2,902 Crores

Profitability Performance

44% growth in Profit before Tax and Exceptional Items during Q1 FY2019

Rs. 503 Crores

(123%) change in Reported Net Profit during Q1 FY2019

Rs. (70) Crores

27% growth in Net Profit (adjusted for Exceptional items) during Q1 FY2019

Rs. 382 Crores

54% growth in Cash profit during Q1 FY2019

Rs. 540 Crores

Sale of Imaging business

| Particulars | Amount (In Rs. Crores) |
|---|---------------------------|
| Reported Net Profit | (70) |
| Add: Exceptional Items – Write off towards Imaging assets | 452 |
| Net Profit (Adjusted for Exceptional Items) | 382 |

Explanation on an exceptional non-cash accounting charge towards Imaging business:

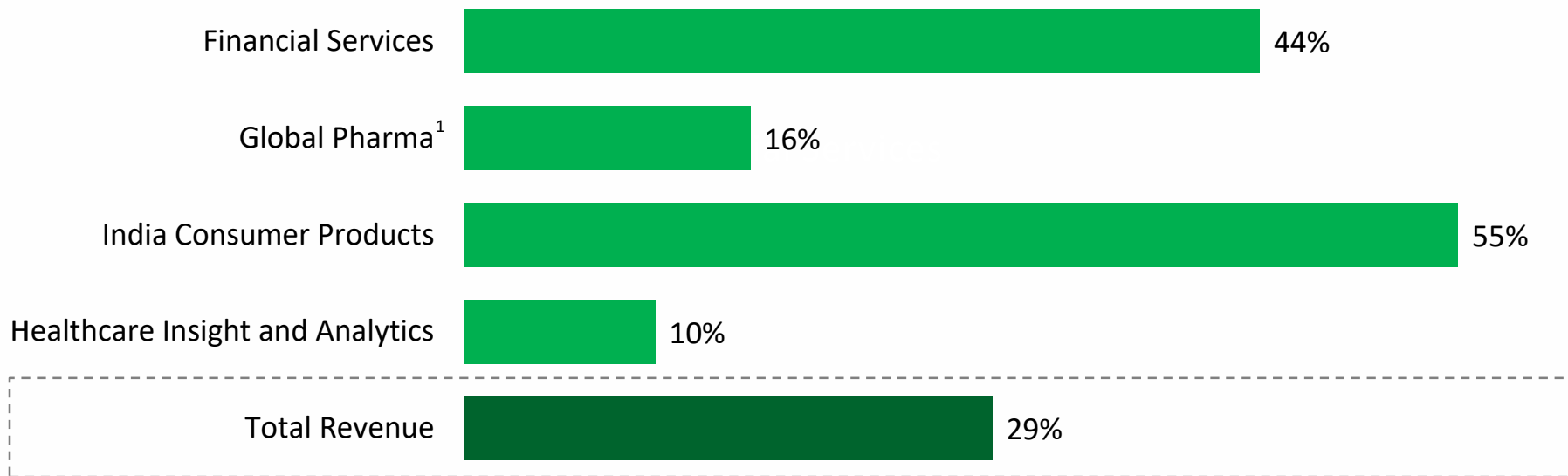
- During the quarter, PEL sold the Imaging business to Alliance Medical Group
 - Upon the sale of this business, there was a non-recurring and non-cash accounting charge of Rs. 452 Crores towards Imaging Assets
 - Excluding this accounting charge, the Adjusted Net profit for the quarter is Rs. 382 Crores, an increase of 27% over last year

Its expected impact on the future profitability:

- The sale of Piramal Imaging business is expected to improve future profitability of the Company's Pharma segment
 - Imaging business had resulted in an expense of Rs. 64 Crores at PBT level in FY2018

Year-on-year performance across business segments

% change - Q1 FY2019 vs. Q1 FY2018 Revenues



Note : 1) Global Pharma revenue excludes revenue from others

Operational highlights for the quarter

Financial Services

Total Loan Book grew by 64% to Rs.46,995 Crores as on 30 Jun 2018 Crores Vs. Rs.28,648 Crores as on 30 Jun 2017

Financial Services

Gross NPAs ratio (based on 90 dpd) remained stable at 0.3%; 19% ROE¹ for Q1 FY2019

Financial Services

PCHFL rated **AA+, Stable** by CARE Ratings for long term debt instruments; AA, Stable earlier for erstwhile company

Global Pharma

Successfully cleared 5 regulatory inspections (including 1 USFDA inspection) and 51 customer audits

Global Pharma

Global Pharma services business recorded an order book of USD 46 mn

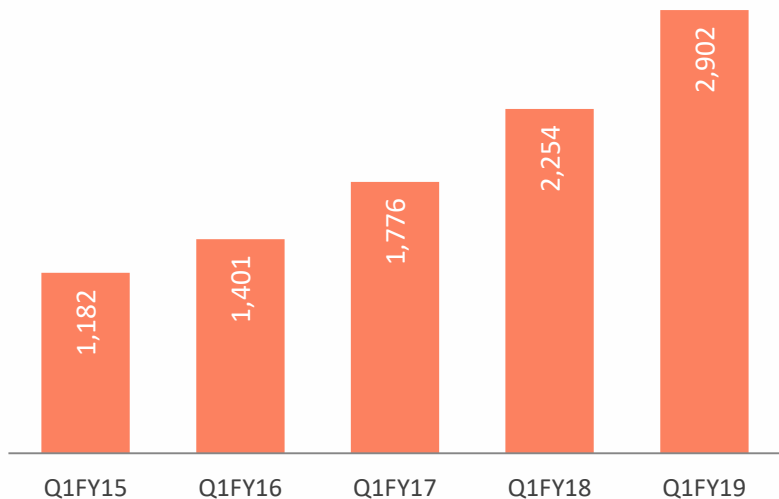
Healthcare Insight & Analytics

Revenue grew by 10.5% Y-o-Y, primarily driven by continuing growth in data & analytics business

Delivering robust growth - track record

Total Revenues¹

4 yrs CAGR – 25%

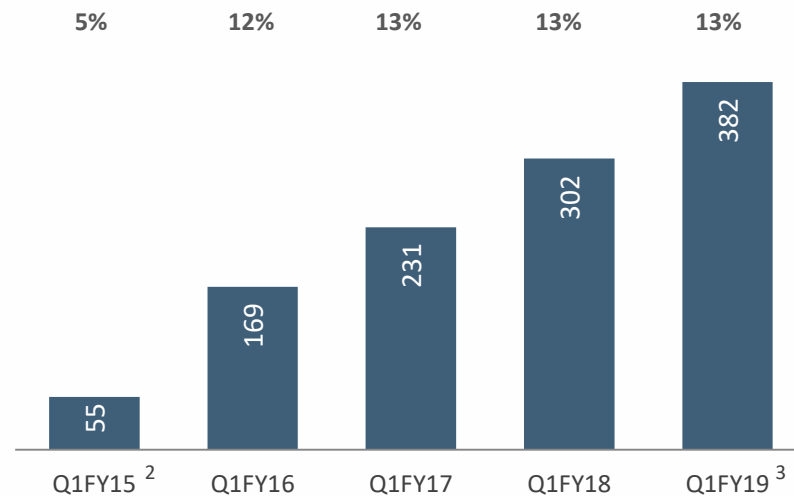


Adjusted Net Profit^{1,2,3}

(In Rs. Crores)

Adjusted Net Profits Adjusted Net Profit Margin %

4 yrs CAGR – 62%



Note:

1. FY2016, FY2017 and FY2018 results have been prepared based on IND AS, prior periods are IND GAAP; 2) Q1 FY2015 net profit excludes exceptional gain on sale of 11% stake in Vodafone India partly offset by the amount written down on account of scaling back of our investments in NCE research; 3) Q1FY2019 adjusted net profit excludes Exceptional Item of write off of Imaging assets

Consistently delivering strong performance

(In Rs. Crores)

| Period | Revenues | | | Net Profits | | |
|--------|-----------------|-----------------|--------------|------------------|-----------------|--------------|
| | Reported Period | Previous Period | % YoY Change | Reported Period | Previous Period | % YoY Change |
| Q1FY15 | 1,182 | 965 | +22% | 55 | (147) | NM |
| Q2FY15 | 1,243 | 1,131 | +10% | 41 | (32) | NM |
| Q3FY15 | 1,400 | 1,286 | +9% | 224 | (11) | NM |
| Q4FY15 | 1,298 | 1,121 | +16% | 100 | (311) | NM |
| Q1FY16 | 1,401 | 1,182 | +19% | 169 | 55 | +206% |
| Q2FY16 | 1,504 | 1,243 | +21% | 235 | 41 | +473% |
| Q3FY16 | 1,786 | 1,400 | +28% | 307 | 224 | +37% |
| Q4FY16 | 1,691 | 1,298 | +30% | 193 | 100 | +93% |
| Q1FY17 | 1,776 | 1,401 | +27% | 231 | 169 | +36% |
| Q2FY17 | 1,966 | 1,504 | +31% | 306 | 235 | +30% |
| Q3FY17 | 2,342 | 1,786 | +31% | 404 | 307 | +32% |
| Q4FY17 | 2,463 | 1,691 | +46% | 311 | 193 | +61% |
| Q1FY18 | 2,254 | 1,776 | +27% | 302 | 231 | +31% |
| Q2FY18 | 2,536 | 1,966 | +29% | 384 | 306 | +25% |
| Q3FY18 | 2,858 | 2,342 | +22% | 490 | 404 | +21% |
| Q4FY18 | 2,991 | 2,463 | +21% | 375 ⁴ | 311 | 21% |
| Q1FY19 | 2,902 | 2,254 | +29% | 382 ⁵ | 302 | 27% |

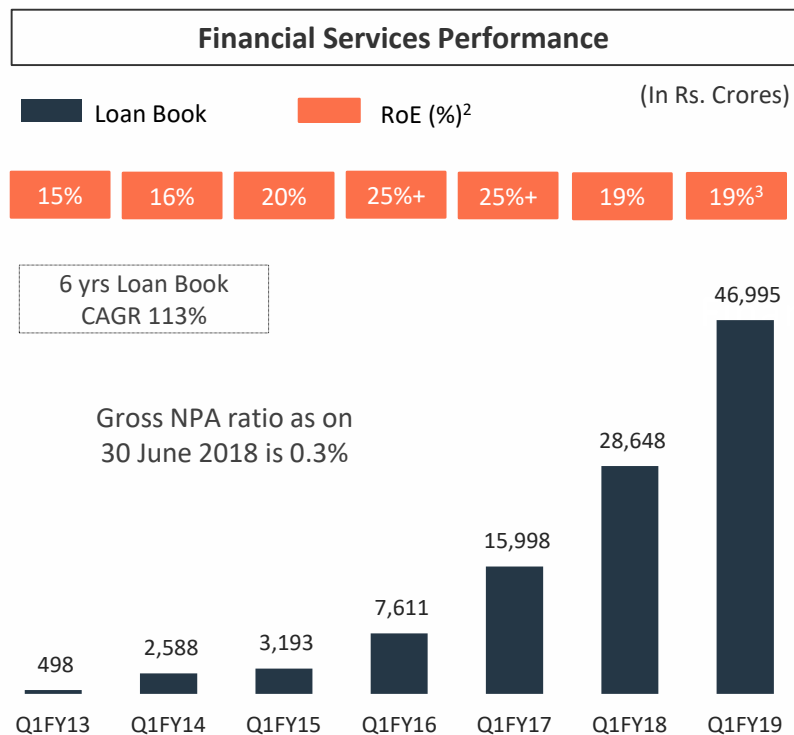
**12 consecutive quarter of delivering
Revenue growth higher than 20%**

**12+ consecutive quarter of delivering
Adjusted Net Profit growth over 20%**

Note:

1. FY2016, FY2017 and FY2018 results have been prepared based on IND AS, prior periods are IND GAAP;
2. FY2015 quarterly net profit numbers exclude exceptional gain from Vodafone transaction and exceptional loss from NCE shutdown;
3. NM – Not measurable;
4. Q4FY2018 is adjusted net profit excludes synergies on account of merger of subsidiaries in Financial services segment;
5. Q1FY2019 adjusted net profit excludes Exceptional Item of write off of Imaging assets

Strong performance trend in Financial Services

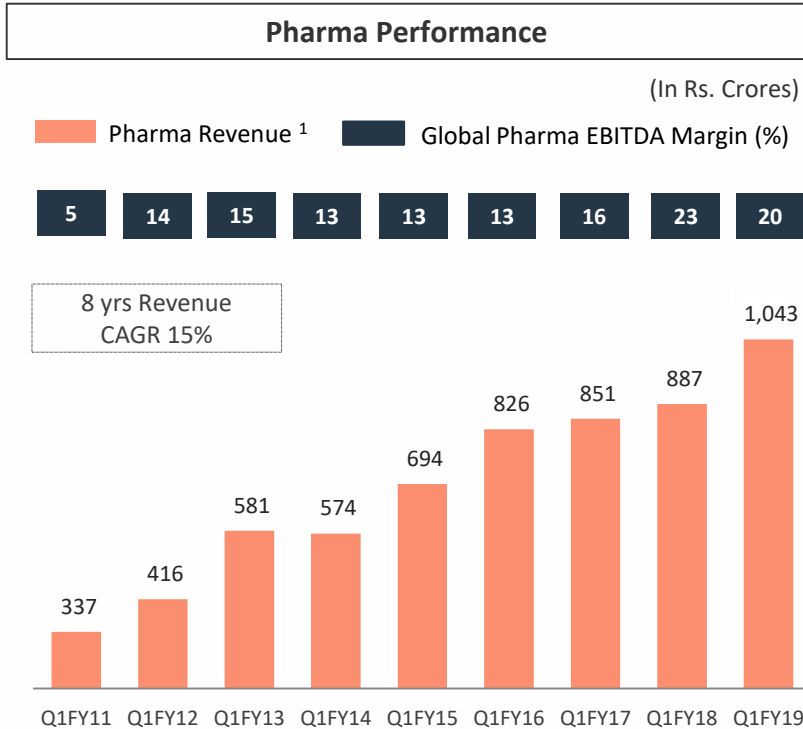


- Growth** : PEL’s loan book has grown at a robust CAGR of 113% over last 6 years.
 - Consistently delivering 60%+ YoY growth in loan book in each of the last 14 quarters
 - During Q1FY2019 loan Book grew 64% YoY to Rs. 46,995 Crores
- ROE**: The Company has recorded an ROE of 25%+ over last 10 consecutive quarters prior to the fund raise through QIP and Rights Issue
- Asset Quality**: Consistently maintaining a healthy asset quality; GNPA below 1% since last 10 quarters
- Portfolio Diversification**: The consistent robust growth in loan book is an outcome of our strong diversification - Launched 22 products across various business verticals in last few years

Note:

- NR – Not Reported;
- ROE for past period are reported for full year ;
- ROE for current reported period Q1FY2019 is considering Cash Tax and other synergies from merger

Consistent performance trend in Pharma



- **Growth:** PEL’s Pharma revenue has grown at a CAGR of 15% over last 8 years
- **Profitability:** Global Pharma (accounts for 94% of Pharma revenues¹) has delivered a strong growth in EBITDA margins from 5% in Q1FY11 to 20% in Q1FY19
- **Quality & Compliance:** Since FY2011, PEL successfully cleared 32 USFDA inspections, 106 other regulatory audits and 877 customer audits
- **Differentiated Model:** Our differentiated business model has enabled us to perform better than most of the other Indian Pharma companies

Note:
1. Pharma Revenue includes Global Pharma & Consumer Products Revenue.



Financial Services : Business Performance

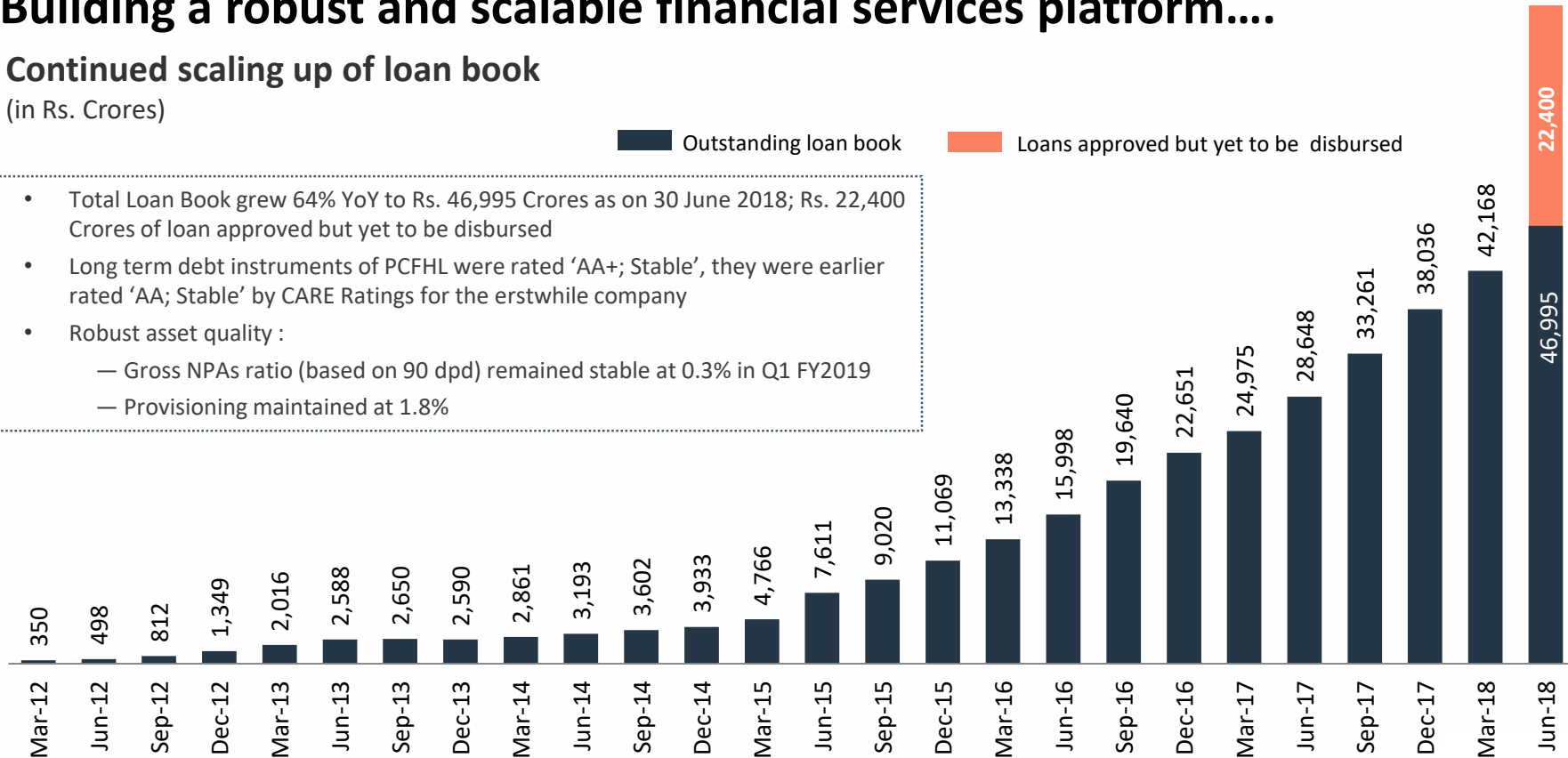
Building a robust and scalable financial services platform....

Continued scaling up of loan book

(in Rs. Crores)

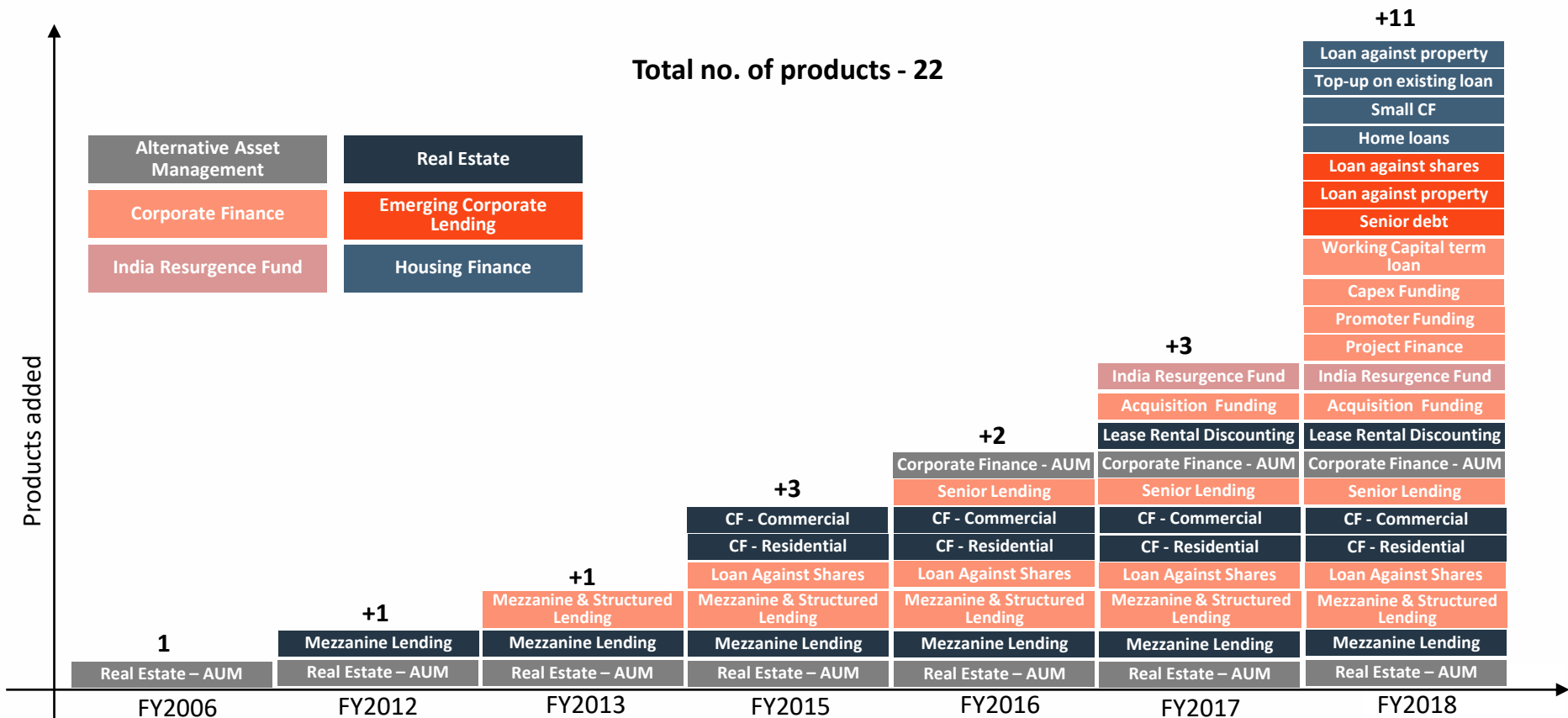
■ Outstanding loan book ■ Loans approved but yet to be disbursed

- Total Loan Book grew 64% YoY to Rs. 46,995 Crores as on 30 June 2018; Rs. 22,400 Crores of loan approved but yet to be disbursed
- Long term debt instruments of PCFHL were rated 'AA+; Stable', they were earlier rated 'AA; Stable' by CARE Ratings for the erstwhile company
- Robust asset quality :
 - Gross NPAs ratio (based on 90 dpd) remained stable at 0.3% in Q1 FY2019
 - Provisioning maintained at 1.8%



Alternative Assets Under Management was Rs. 7,620 Crores as on 30 June 2018

...through consistently expanding product portfolio

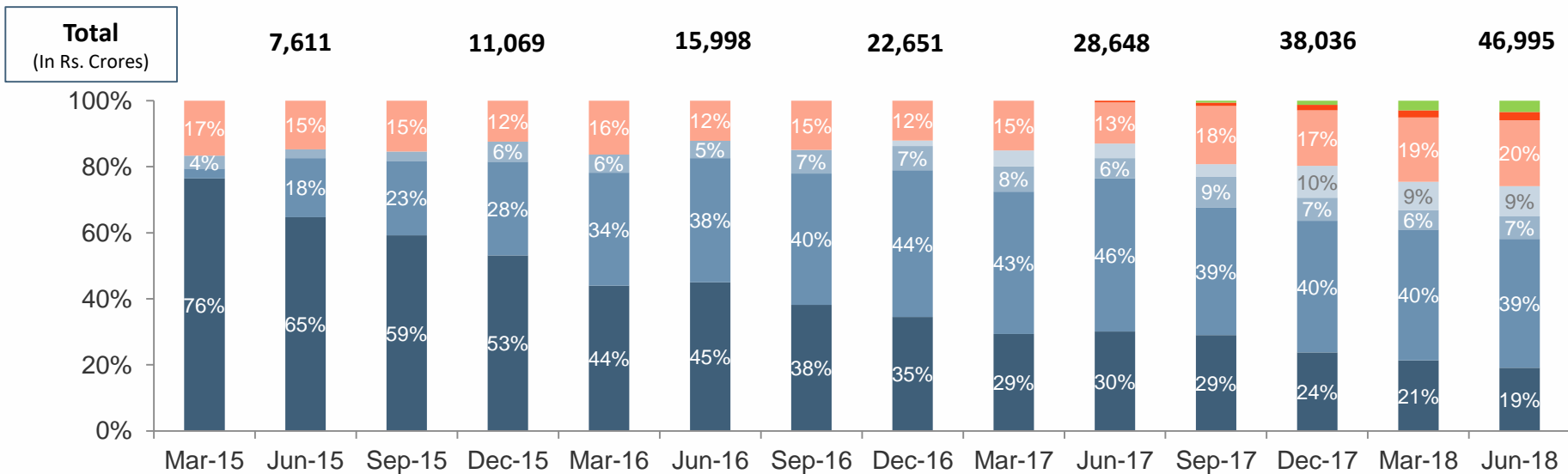


Note : CF – Construction Finance

Enhancing diversification in the lending portfolio; significantly lowering overall risk profile

Trend of changing portfolio mix (%)

- Mezzanine RE
- RE Lease Rent Discounting
- Housing Finance
- RE Construction Finance - Residential
- Corporate Finance Group
- RE Construction Finance - Commercial
- Emerging Corporate Lending



Note : RE – Real Estate; CFG Loan book includes old education loans

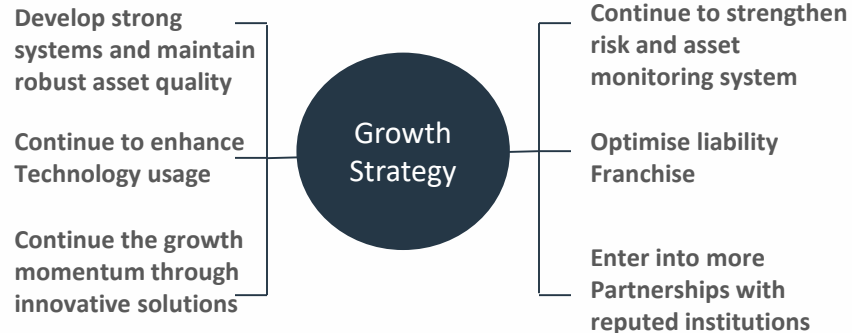
Strong performance across both developer financing and housing finance

Real Estate Lending :

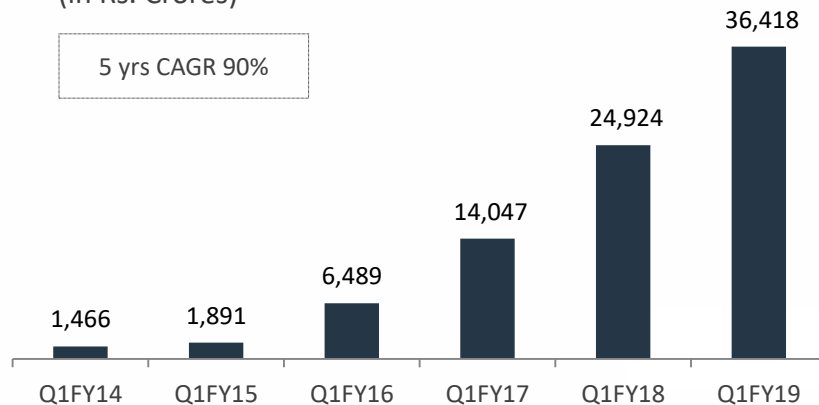
- Loan Book grew to Rs. 34,814 Crores as on 30 Jun 2018 vs. Rs. 24,924 Crores as on 30 Jun 2017
 - Rs. 6,896 Crores were disbursed during the quarter
 - Rs. 3,864 Crores repaid / prepaid during the quarter
 - Construction Finance is now 62% of Real Estate loan book
- **Constant Innovation:** Loans of Rs. 1,340 Crores across 6 deals towards the Hospitality sector to top tier brands, as on 30 June 2018
- Covering 130+ developers, 239+ transactions and over 382 projects across India

Housing Finance :

- Loan book grew to Rs.1,604 Crores
- Disbursed Rs. 384 Crores during the quarter
- Loans approved but yet to get disbursed are Rs.1,087 Crores
- Strengthened infrastructure and built team of 400+ members
- Currently present in 6 cities through 7 branches
 - Plan to open branches in Nashik, Ahmedabad, Hyderabad and Chennai during Q2FY2019
- Partnered with 845 connectors, 269 DSAs & 230 projects



Rapidly growing RE and HFC Loan Book
(in Rs. Crores)



Strong growth in Corporate lending

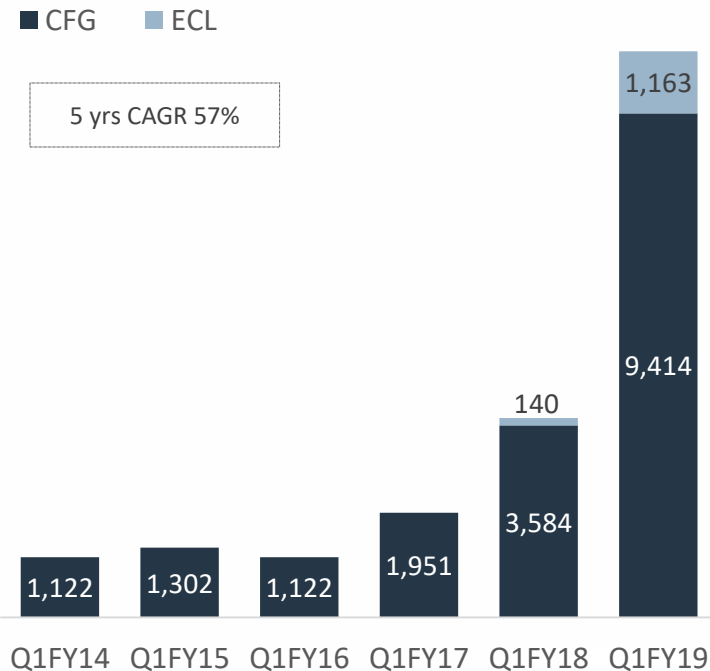
Corporate Finance Group (CFG) :

- Loan book grew by 163% to Rs. 9,414 Crores as on 30 Jun 2018 vs. Rs. 3,584 Crores as on 30 Jun 2017
 - Disbursed Rs. 1,301 Crores during the quarter
- Forayed into Roads sector – sanctioned Rs. 600 Crore deal to a leading road development company
- Successfully exited a deal in cement sector worth Rs. 325 Crores during the quarter
- Entered three new sectors during the quarter – Restaurants, Building materials and ATM / Cash management services

Emerging Corporate Lending (ECL) :

- Loan book grew to Rs. 1,163 Crores as on 30 Jun 2018 vs. Rs. 140 Crores as on 30 Jun 2017
- Disbursed Rs. 257 Crores during the quarter
- ECL now has a total team of 21 employees including investment team and support functions like Business Operations, Legal and Asset Management Teams

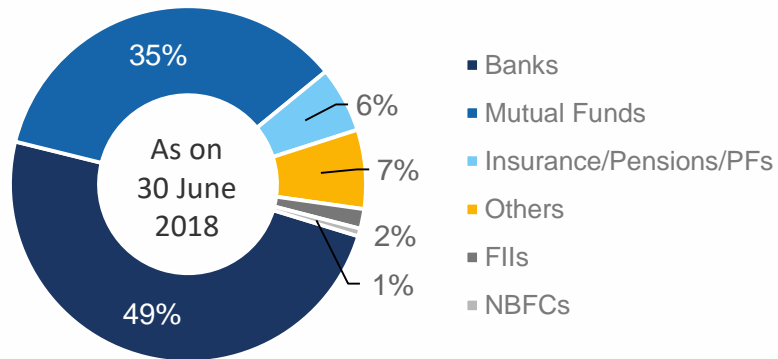
Rapidly growing CFG and ECL Loan Book (in Rs. Crores)



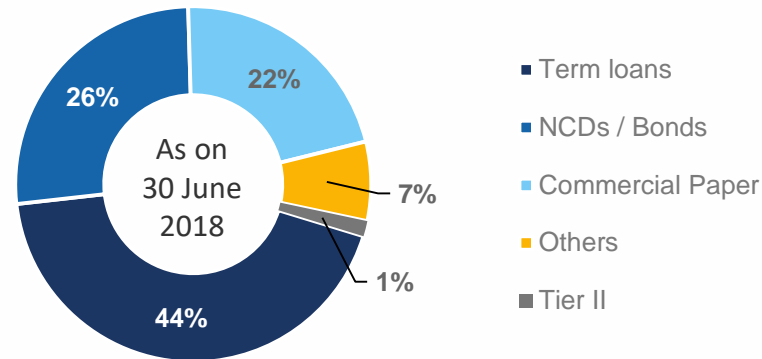
Borrowing profile

PEL Financial Services Borrowings Mix

Funding mix by investor

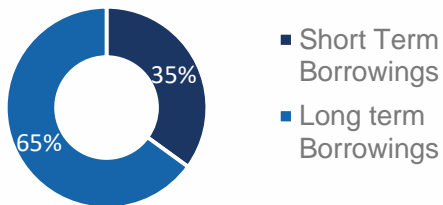


Funding mix by type of instrument

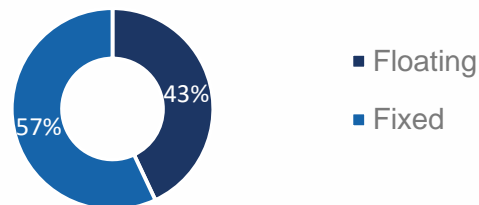


As on 30 June 2018

Tenure-base



Fixed vs. Floating



Performance metrics

PEL Financial Services (excluding Shriram) performance against various parameters

| Particulars | Q1 FY2019 |
|--|-------------------|
| Total Loan Book size | Rs. 46,995 Crores |
| Total Equity in Loan Book and AUM business | Rs.9,855 Crores |
| Average Yield on Loans | 13.9% |
| Average Cost of Borrowings | 8.5% |
| Net Interest Margin | 7.1% |
| Cost to Income Ratio | 18.0% |
| Total Provisioning | 1.8% |
| Gross NPA ratio (based on 90 dpd) | 0.3% |
| ROA | 3.6% |
| ROA (considering Cash Tax and other synergies from merger) | 4.2% |
| ROE | 17% |
| ROE (considering Cash Tax and other synergies from merger) | 19%+ |

Note: Provisioning numbers are in line with IND AS

Consistently delivering exceptional performance quarter after quarter

Trend of key ratios

| | FY2016 | | | | FY2017 | | | | FY2018 | | | | FY2019 |
|-----------------------------------|--------|------|------|------|--------|------|------|------|--------|------|------------------|------------------|------------------------|
| | 3M | 6M | 9M | 12M | 3M | 6M | 9M | 12M | 3M | 6M | 9M | 12M | 3M |
| Loan Book Growth (%) ¹ | 138% | 150% | 181% | 180% | 110% | 118% | 105% | 87% | 79% | 69% | 68% | 69% | 64% |
| GNPA Ratio (%) | 1.5% | 1.1% | 1.2% | 0.9% | 0.6% | 0.4% | 0.5% | 0.4% | 0.2% | 0.2% | 0.4% | 0.3% | 0.3% |
| ROE (%) | 25%+ | 25%+ | 25%+ | 25%+ | 25%+ | 25%+ | 25%+ | 25%+ | 25%+ | 25%+ | 21% ² | 19% ² | 19%³ |

Note :

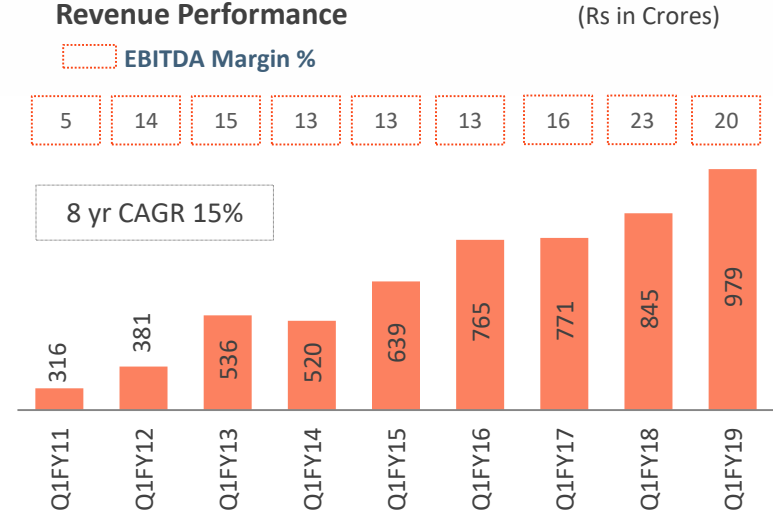
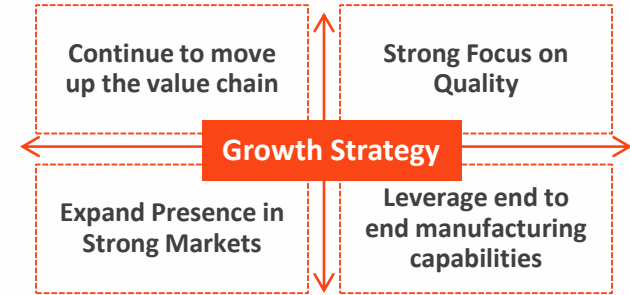
1. As on end of reported period
2. ROE calculation also takes into account the capital allocation from recent fund raise. During Q3 FY2018, Rs 2,300 Crores was allocated to financial services. In Q4 FY2018, the entire Rs.5000 crores of estimated allocation got allocated towards financial services business
3. ROE considers cash tax and includes other synergies on account of merger of subsidiaries in Financial services segment



Pharma

Global Pharma : Continued strong performance

- Revenue Performance** : Q1 FY2019 Revenues grew at 16% to Rs. 979 Crores. The growth in pharma business was primarily driven by:
 - Strong growth in API development at Aurora (Canada), Riverview (US) & Ennore (India)
 - Strong volume growth at Mahad (India) for Vitamins and premixes
 - Stable performance of Inhalation anesthetic business
 - Indian Rupee depreciation during the quarter
- Order Book**: Services business recorded an order book of USD 46 mn
 - 30% growth over Q1FY2018 order book
 - 38% of the orders are from late development (Phase II/III) projects
- Capex Plans**: Of the USD 85 mn capex that PEL is undergoing, USD 30-35mn of capex projects would get commissioned in the next 5-6 months
- Continued high focus on quality** : During the quarter, PEL successfully cleared 5 regulatory inspections (including 1 USFDA inspection) and 51 customer audits.
- Integrated Closure variant of Sevoflurane (launched in Turkey in Q2FY2018), is under preparation for launch in select EU markets in the coming quarters
- EBITDA performance was marginally lower during the quarter as compared with Q1FY2018 due to change in revenue mix (high growth from Services business)



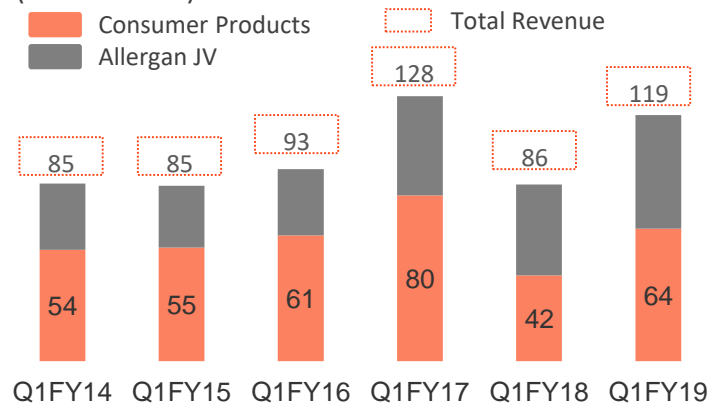
India Consumer Products

- Revenue performance:** Strong recovery in topline performance as revenue grew by 55% YoY during the quarter driven by:
 - Investments in digital assets to increase number of consumers
 - Launch of new line extensions
 - Scale up through E-commerce channel
 - Lower base of Q1FY2018 impacted by GST
- Inorganic Growth:** Digeplex, acquired in Q3FY2018, has been performing in line with expectation and has been launched across India
- Innovative Launches** – During the year, PEL launched line extension - Neko Soap 100gm & Naturolax-A Sachets 10gm
- Recognition** – In June 2018, the business won the National Award for Marketing Excellence by the Times Network¹ for its social media campaigns for Lacto Calamine, Stop AllerG and Polycrol and its Training and Development Program.



Revenue Performance

(In Rs. Crores)



Notes: 1) The Times Network National Award, one of the industry's most prominent awards for Marketing Excellence recognizes organizations and individuals for their contribution in the field of marketing.



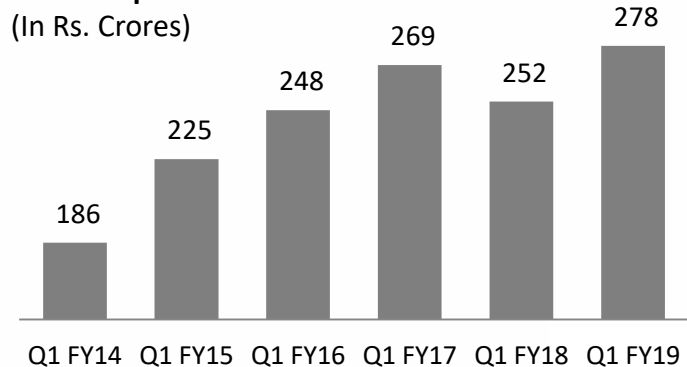
Healthcare Insight and Analytics

Healthcare Insight and Analytics

- **Revenue performance:** Revenue grew by 10.5% in Q1 FY2019 to Rs. 278 Crores, primarily driven by continuing growth in data & analytics business and depreciation of the Indian rupee
- **Strengthened data and analytics business:** Recently acquired data sets comprising physician and hospital claims, pharmacy claims and electronic medical records data have led to new business
- **Healthbase:** It is a platform that provide customers with both granular data and the 'big picture' analyst view on Integrated Delivery Networks (IDNs), ensuring that our clients see a complete picture of the accounts that are increasingly affecting their bottom line
- **Launched 'DRG Learning':** It connects expert insights, proprietary data, and analytics with experienced learning architects, instructional designers, and educational technologists to create strategic learning and training solutions delivered through face-to-face and online learning experiences for our clients
- **India Expansion:** Bengaluru and Gurugram offices continue its expansion and has on boarded a total of 386 employees out of the total of 1,228 employees at DRG



Revenue performance
(In Rs. Crores)





Financials

Diversified Revenue Mix

(In Rs. Crores or as stated)

| Net Sales break-up | Quarter I ended | | | % Sales |
|----------------------------------|-----------------|--------------|--------------|-------------|
| | 30-Jun-18 | 30-Jun-17 | % Change | |
| Financial Services | 1,559 | 1,084 | 43.7% | 53.7% |
| Pharma | 1,043 | 887 | 17.6% | 35.9% |
| Global Pharma | 979 | 845 | 15.8% | 33.7% |
| India Consumer Products | 64 | 42 | 54.6% | 2.2% |
| Healthcare Insight and Analytics | 278 | 252 | 10.5% | 9.6% |
| Others | 23 | 31 | - | 0.8% |
| Total | 2,902 | 2,254 | 28.8% | 100% |

Note:

1. Foreign Currency denominated revenue in Q1 FY2019 was Rs.1,181 Crores (41% of total revenue)

Consolidated P&L

(In Rs. Crores or as stated)

| Particulars | Quarter I Ended | | |
|---|-----------------|-----------|----------|
| | 30-Jun-18 | 30-Jun-17 | % Change |
| Net Sales | 2,902 | 2,254 | 29% |
| Non-operating other income | 14 | 84 | (83%) |
| Total income | 2,917 | 2,338 | 25% |
| Other Operating Expenses | 1,376 | 1,192 | 15% |
| OPBIDTA | 1,541 | 1,146 | 35% |
| Interest Expenses | 909 | 673 | 35% |
| Depreciation | 129 | 123 | 5% |
| Profit before tax & exceptional items | 503 | 350 | 44% |
| Exceptional items (Expenses)/Income | (452) | - | - |
| Income tax | | | |
| Current Tax and Deferred Tax | 181 | 102 | 77% |
| Deferred Tax on account of merger of subsidiaries | - | - | - |
| Profit after tax (before MI & Prior Period items) | (130) | 247 | (153%) |
| Minority interest | - | - | - |
| Share of Associates ¹ | 60 | 55 | 10% |
| Net Profit after Tax | (70) | 302 | (123%) |
| Net Profit Margin % | (2%) | 13% | - |
| Adjusted Net Profit ² | 382 | 302 | 27% |
| Adjusted Net Profit Margin % | 13% | 13% | - |
| EPS (Rs./share) | (3.5) | 17.5 | (120%) |
| Adjusted EPS (Rs./share) ² | 19.3 | 17.5 | 11% |

Notes:

- Income under share of associates primarily includes our share of profits at Shriram Capital and our share of profit under JV with Allergan, as per the new accounting standards;
- Adjusted Net Profit after Tax for Q1FY2019 excludes exceptional items of write off of Imaging assets

Dial-in details for Q1 FY2019 Earnings Conference Call

| Event | Location & Time | Telephone Number |
|------------------------------------|---|--|
| Conference call on 30 July 2018 | India – 5:30 PM IST | +91 22 6280 1264 / +91 22 7115 8165 (Primary Number) +91 70456 71221 (Local Number) |
| | | 1800 120 1221 / 1800 266 1221 (Toll free number) |
| | USA – 8:00 AM (Eastern Time – New York) | Toll free number 18667462133 |
| | UK – 1:00 PM (London Time) | Toll free number 08081011573 |
| | Singapore – 8:00 PM (Singapore Time) | Toll free number 8001012045 |
| | Hong Kong – 8:00 PM (Hong Kong Time) | Toll free number 800964448 |
| For online registration | http://services.choruscall.in/diamondpass/registration?confirmationNumber=2431417 | |

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